



Prudential

Prudential Global Funding LLC

Two Gateway Center, Newark NJ 07102

Fax 973 802-8518

September 25, 2008

HAND DELIVERY IN PERSON

To: Lehman Brothers Finance, S.A.
Talstrasse 82
Zurich CH-8021
Switzerland
Attention: Legal Department

CC: Lehman Brothers Special Financing Inc., c/o Lehman Brothers Inc.
Transaction Management
745 Seventh Avenue, 28th Floor, New York, New York 10019

Lehman Brothers Special Financing Inc., c/o Lehman Brothers Inc.
Legal Compliance and Audit Group, Capital Markets Contracts – Legal
1271 Sixth Avenue, 43rd Floor, New York, New York 10019

Lehman Brothers Special Financing Inc., Attn: Documentation Manager
c/o Lehman Brothers Inc., Transaction Management
745 Seventh Avenue, 19th Floor, New York, New York 10019

Lehman Brothers Special Financing, Inc.
3 World Financial Center, 7th Floor
New York, New York 10285
Attention: Oliver Rochester

Re: Notice of Settlement Amount Due

Reference is made to (i) the ISDA Master Agreement (the "Master Agreement"), dated as of March 11, 1997, between Lehman Brothers Finance S.A ("Defaulting Party") and Prudential Global Funding LLC ("Non-Defaulting Party"); (ii) the Cross Margining and Netting Agreement (the "Cross Margining Agreement"), dated as of April 19, 2006, by and among the Non-Defaulting Party, the Defaulting Party and Lehman Brothers Special Financing Inc.; and (iii) the letter dated as of September 16, 2008 from the Non-Defaulting Party to the Defaulting Party, a copy of which is attached, whereby the undersigned designated September 16, 2008 as the Early Termination Date with respect to all Transactions between the Defaulting Party and the Non-Defaulting Party, pursuant to Section 6(a) of the Master Agreement (the "Termination Notice"). Terms used but not defined herein are used as defined in the Master Agreement.

We note that the Termination Notice referred to the bankruptcy filing by Lehman Brothers Holdings Inc., the Credit Support Provider for the Defaulting Party, as the basis for the Event of Default under the Master Agreement. Such Event of Default arises under Section 5(a)(vii)(4) of the Master Agreement. The Termination Notice inadvertently referred to Section 5(a)(viii)(4) of the Master Agreement rather than Section 5(a)(vii)(4). For the avoidance of doubt, we wish to clarify that the

Event of Default on which termination of the Master Agreement is based is the event specified in Section 5(a)(vii)(4) of the Master Agreement.

This letter is being provided pursuant to Section 6(d)(i) of the Master Agreement. As of the Early Termination Date, the Settlement Amount payable to the Non-Defaulting Party by the Defaulting Party is \$ -0-, which amount has been calculated as follows:

Settlement Amount owed by the Defaulting Party under Section 6(e) of the Master Agreement	\$488,626,260
 Less: Credit Support Amount set-off:	 \$488,626,260
	<hr/>
Net amount owed to Non-Defaulting Party	\$ -- 0 --


Detailed information regarding the foregoing calculation, including the determination of the amount due under Section 6(e) of the Master Agreement, is attached hereto in Schedule I and the exhibits thereto. In determining the amount due under Section 6(e), the Non-Defaulting Party obtained quotations for each outstanding Transaction from Reference Market-makers (i.e., with respect to European-style put options, JP Morgan, CSI, and Barclays ("Tranche I"), and with respect to exotic options, BNP, Societe Generale and Goldman ("Tranche II") and CSI, JP Morgan and Barclays ("Tranche III")), as described in Schedule I and the exhibits thereto.

Please note that the Non-Defaulting Party reserves all rights and remedies available to it under the Master Agreement and the Cross Margining Agreement, any other agreements, and at law or in equity.

Please contact Mr. Gary Neubeck at 973-802-6279 if you have any questions.

Very truly yours,

Prudential Global Funding LLC

By: 
Title:

Gary F. Neubeck
President

SCHEDULE I

Statement of Settlement Amount

Legal Entity	Products	Replacement cost based on Market Quotation
Lehman Brothers Finance S.A. (LBF)	European Options/lookbacks	-
	Tranche I (Europeans)	108,224,638.95 Exhibit A
	Tranche II (Lookbacks)	170,776,900.00 Exhibit B
	Tranche III (Lookbacks)	209,624,721.05 Exhibit C
Total due from LBF		488,626,260.00
Total Collateral Under Cross Margining and Netting Agreement		(550,641,243.00)
Collateral remaining after application of LBF exposure		(62,014,983.00)
Exposure to LBF after application of collateral		0.00

TRANACHE I
European style put options

TRADE ID	TYPE	CUSTOMER	MATURITY	TRADE	GCY	COMMODITY	NOT	NPV	NET
71677PG	EQOPT	LEHMANFNSA	6/22/2014	6/1/2006	USD	Put44.00mUSD@1271.130000	44,000,000	8,313.435	8,313.435
71678PG	EQOPT	LEHMANFNSA	6/1/2015	6/1/2006	USD	Put44.00mUSD@1271.130000	44,000,000	8,471.560	8,471.560
71682PG	EQOPT	LEHMANFNSA	6/1/2016	6/1/2006	USD	Put110.00mUSD@1271.130000	110,000,000	21,407.307	21,407.307
72408PG	EQOPT	LEHMANFNSA	7/27/2012	7/27/2006	USD	Put3.00mUSD@1273.090000	3,000,000	525.857	525.857
72411PG	EQOPT	LEHMANFNSA	7/28/2013	7/27/2006	USD	Put3.00mUSD@1273.090000	3,000,000	553.149	553.149
72415PG	EQOPT	LEHMANFNSA	7/28/2014	7/27/2006	USD	Put10.00mUSD@1273.090000	10,000,000	1,899.153	1,899.153
72418PG	EQOPT	LEHMANFNSA	7/27/2015	7/27/2006	USD	Put10.00mUSD@1273.090000	10,000,000	1,932.552	1,932.552
72421PG	EQOPT	LEHMANFNSA	7/27/2016	7/27/2006	USD	Put27.00mUSD@1273.090000	27,000,000	5,268.534	5,268.534
73674PG	EQOPT	LEHMANFNSA	4/25/2011	4/25/2007	USD	Put5.00mUSD@1487.850000	5,000,000	1,080.003	1,080.003
73681PG	EQOPT	LEHMANFNSA	4/25/2012	4/25/2007	USD	Put12.00mUSD@1487.850000	12,000,000	2,677.822	2,677.822
73683PG	EQOPT	LEHMANFNSA	5/8/2012	5/8/2007	USD	Put8.00mUSD@1505.580000	8,000,357	2,049.050	2,049.050
73323PG	EQOPT	LEHMANFNSA	7/18/2011	7/18/2007	USD	Put5.00mUSD@1538.400000	5,000,000	1,168.169	1,168.169
73328PG	EQOPT	LEHMANFNSA	7/18/2012	7/18/2007	USD	Put12.00mUSD@1538.400000	11,999,997	2,833.421	2,833.421
77801PG	EQOPT	LEHMANFNSA	8/8/2011	8/8/2007	USD	Put8.00mUSD@1443.860000	7,999,995	1,681.125	1,681.125
77802PG	EQOPT	LEHMANFNSA	8/8/2012	8/8/2007	USD	Put18.00mUSD@1443.860000	17,999,999	3,853.659	3,853.659
77888PG	EQOPT	LEHMANFNSA	8/8/2011	8/8/2007	USD	Put6.00mUSD@1484.850000	5,999,997	1,313.639	1,313.639
77881PG	EQOPT	LEHMANFNSA	8/8/2012	8/8/2007	USD	Put16.00mUSD@1484.850000	16,000,001	3,579.445	3,579.445
77774PG	EQOPT	LEHMANFNSA	8/14/2017	8/14/2007	USD	Put12.00mUSD@1432.100000	11,999,996	2,583.570	2,583.570
77777PG	EQOPT	LEHMANFNSA	8/14/2014	8/14/2007	USD	Put12.00mUSD@1432.100000	11,999,996	2,611.773	2,611.773
78671PG	EQOPT	LEHMANFNSA	10/30/2011	10/30/2007	USD	Put5.00mUSD@1535.700000	4,999,993	1,168.492	1,168.492
78680PG	EQOPT	LEHMANFNSA	10/30/2012	10/30/2007	USD	Put13.00mUSD@1535.700000	13,000,006	3,087.770	3,087.770
78628PG	EQOPT	LEHMANFNSA	11/1/2011	11/1/2007	USD	Put6.00mUSD@1487.300000	6,000,006	1,325.786	1,325.786
78633PG	EQOPT	LEHMANFNSA	11/1/2012	11/1/2007	USD	Put15.00mUSD@1487.300000	15,000,001	3,377.840	3,377.840
79086PG	EQOPT	LEHMANFNSA	12/6/2017	12/6/2007	USD	Put24.00mUSD@1484.860000	23,999,985	5,280.348	5,280.348
80473PG	EQOPT	LEHMANFNSA	2/7/2014	2/7/2008	USD	Put2.00mUSD@1323.210000	2,000,005	393.885	393.885
80480PG	EQOPT	LEHMANFNSA	2/7/2015	2/7/2008	USD	Put9.00mUSD@1323.210000	8,999,998	1,820.179	1,820.179
80481PG	EQOPT	LEHMANFNSA	2/7/2016	2/7/2008	USD	Put22.00mUSD@1323.210000	21,999,994	4,423.888	4,423.888
80486PG	EQOPT	LEHMANFNSA	2/8/2016	2/7/2008	USD	Put9.00mUSD@1323.210000	8,999,998	1,815.949	1,815.949

TRANACHE I				Quotes as of 1pm			
				8/16/08 Trade			
				CSI	JPM	BARCLAYS	
				8,999,520.05	9,422,367.17	11,678,281.84	
				9,199,940.15	9,689,206.26	12,926,809.44	
				23,358,981.00	24,627,060.42	27,160,661.77	
				590,674.91	571,893.37	798,575.12	
				593,594.79	605,950.32	878,439.70	
				2,059,083.49	2,154,481.79	2,698,913.67	
				2,096,122.34	2,210,861.08	2,723,229.31	
				5,752,947.18	6,069,012.72	7,579,416.27	
				1,131,480.65	1,145,053.80	1,271,528.84	
				2,806,000.08	2,839,630.96	1,919,027.21	
				2,145,324.86	2,170,326.88	1,937,694.52	
				1,208,080.85	1,223,241.85	1,127,220.49	
				2,962,791.75	2,993,411.72	2,951,903.01	
				1,734,294.51	1,759,928.89	1,945,801.27	
				4,080,965.11	4,110,963.72	3,130,044.05	
				1,366,117.04	1,383,884.04	1,126,687.49	
				3,757,740.12	3,801,886.88	2,777,616.11	
				2,828,756.86	2,834,211.00	2,171,445.40	
				2,813,768.94	2,811,585.34	2,772,784.27	
				1,212,985.75	1,226,221.00	923,067.02	
				3,217,981.13	3,249,542.06	2,226,239.31	
				1,382,889.71	1,400,876.19	1,088,174.54	
				3,554,283.14	3,596,724.20	2,889,851.60	
				5,793,910.53	6,001,667.83	4,297,259.88	
				423,773.65	441,378.53	403,328.07	
				1,980,635.98	2,084,748.95	1,954,902.87	
				433,991.25	453,604.62	500,236.89	
				4,851,886.44	5,081,427.65	5,852,532.77	
				1,975,332.29	2,073,078.30	1,957,809.92	
				\$ 104,273,824.55	\$ 108,224,638.95	\$ 111,949,102.64	

EXHIBIT A

EXHIBIT B

EXHIBIT C